

April 9, 2001

## **Mayor's State of the City Report**

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The State of the City of Annapolis is great; with a proud past, a vibrant present, and a bright future.

We have historic buildings in beautiful settings, we have dozens of plans sitting on the shelf ready to be implemented, and we have a municipality with a firm financial foundation. But none of these criteria ultimately measure the strength of this city. That can only be done by her people.

Tonight we gather for “people not politics.” We are black and white, men and women, young and old, married and single. Some play in the orchestra, some sing in a choir, many only sing in the shower. Others coach a little-league baseball team, neighbors plant flowers, and Boy and Girl Scout Leaders abound. We are Annapolis Alive.

We have a symphony, an opera company, the largest Ballet Company in Maryland, two theater companies, a Chorale and dozens of artists. We've got Yacht clubs and museums and Service clubs to fit every size. We have dozens of Churches and Synagogues with choirs and community service activities, children's education programs, and parenting classes. Habitat for Humanity is working on their 49<sup>th</sup> home and The Annapolis Baseball Club started their 9<sup>th</sup> Season last Saturday. Can you think of a better place to be?

This is not politics. These are people – our neighbors. It is their lives, their dreams that are the building blocks of community.

What is this city doing; what are our priorities; simple words, great meanings. Lets take a quick look at some statistics to show the diversity of our actions and successes.

- Ridership on our transit system is up another 10% in the first 6 months of this year; doubled in 5 years. And the transit deficit continues to fall.
- We collected 2000 tons of yard waste and 475 tons of leaves – the majority of which was returned free to the citizens as mulch.
- The EMS Division of The Fire Department received a Certificate of Excellence from The Maryland Institute for Emergency Medical Services Systems.

## Mayor's State of the City Report

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- We processed permits on construction projects with an ultimate value of ¼ of a billion dollars of private investment.
- We were named by Walking Magazine as one of America's top ten walkable cities.
- We assisted in establishing the "Maritime Hall of Fame" and will host Sailing World's Fall of Fame in 2002.
- We reopened The Stanton Center as a hub of community activity. More than just a recreation Center, this 101 year old school houses a network of community services including a wellness clinic and numerous human service organizations. It is the site of dozens of meetings each month.
- More that 20 bus shelters were installed with lighting and signage and at no cost to the public.
- The highly-rated, consumer friendly recycling program was continued at no increase in cost.
- More than 170 fire safety sprinkler systems were installed in the last year.
- We completely revamped and computerized the inspection program of the fire department so that by the end of this year fire personnel will inspect all buildings except for single family occupancies at least once every three years.
- Trailways/Greyhound inter-city bus services were resumed to Annapolis with ticket sales at the City's bus garage on Chinquapin Round Road. These services have been unavailable for 18 years. Traffic statistics are showing steady, month-by month increases.
- Both the Poplar Park Trail and The Annapolis Sports Complex behind Germantown Elementary School were completed.
- Crime statistics are down by nearly 5% over last year. The Police Department responded to more than 37,000 calls for service in 2000.
- Dug out the old, and installed the new, along West Street – including water, sewer, gas, phone and electric lines.
- Continued work on the joint city/county Transit Development plan and commenced a parking analysis of West Annapolis.
- After proposing funding for a Regional Transportation Plan, in my 1999 and 2000 budgets, we finally moved this proposal closer by completing by a funds transfer of \$150,000 to be supplemented by the State, County, and Naval Academy.
- Received over 75 acres of land in conservation easement by the City's Conservation Board.

## Mayor's State of the City Report

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- Earned awards by our transit system from The Maryland Municipal League, The Citizens Planning and Housing Association, and the Transit Riders League of Metropolitan Baltimore.
- Offered over 50 different recreation and leisure classes.

These examples are only a small number of the successes in The City of Annapolis. I look forward to completion of two of our most aggressive activities – accreditation of our Police Department and Fire Department in the near future. We can now know that the citizens of Annapolis are receiving the most modern and efficient services possible from the best trained men and women we can find. When you call 911, the response will be quicker, the personnel and equipment will be up-to-date, and eventually your insurance rates will be reduced. Chief Johnson, Chief Sherlock, thanks for the work and keep it up.

So we've wandered around the garden that is Annapolis and looked at some of the individual blades of grass. Together they offer a broad landscape, alone they are narrow shadows and roots. Where do they take us?

The process of assembling a budget is the most basic function of a municipality. As I noted last year "Nothing speaks more loudly about values" and to me the highest priority must be the people; those who are here tonight, those who are watching at home, those who are working – trying to support their families.

Don't substitute politics for people. It is so easy to react rather than think, debate rather than address our hardest issues. Developing a broad consensus is the duty of this body and it requires the full participation of all of us. I challenge all of you sitting at this table tonight- participate. Put your ideas out there and let the people in.

There has been a lot of talk about leadership recently and there will be more in the months to come. But leadership is not a popularity contest. It means making the tough decisions and doing the hard things because they are right and not necessarily politically correct.

That's why last year I recommended raising water and sewer rates which had not been changed for over a decade. I knew the city was headed for fiscal disaster if we didn't tackle the financing of our aging water and sewer system. That's why I swallowed hard a month after taking office when the bids on Westgate Circle came in 60% over estimates but decided we had to move forward. Inaction and excuses had become much too much a way of life.

Leadership means listening to the citizens we serve.

That's why I initiated the CITY HALL COMES TO YOU program as well as our special outreach to the growing Hispanic community. That's why I started a weekly radio call in show. Why I initiated public hearings on all legislation before the City Council. Before the Johnson Administration there were no regular public hearings on legislation before the Council. Why I initiated monthly legislative work sessions for the Council with City staff. Before the Johnson Administration there were no legislative work sessions.

Leadership also means tackling problems that have faced our city for years without solution. We have created plans but not action. Analysis had become paralysis. I took plans off the shelf, dusted them off, and got them moving. The Stanton Center, Westgate Circle, Poplar Trail, Annapolis Sport Center, West Street Reconstruction,

## Mayor's State of the City Report

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Knighton Garage, and Annapolis Alive.

But back to the budget. My budget proposes to reduce property taxes more than found in any recent budget from 66.8 cents to 64.4 cents. You will be hearing the term constant yield tax rate frequently in the next few weeks. It means in its simplest sense – that the total property tax will not change. As property assessments go up the tax rate will go down. If we looked merely at the tax rate under the old system it would be a reduction of 6 cents! More importantly it is a recognition that we must take firm control of our destiny. Remember that term - constant yield tax rate. Inquiring minds will want to know.

Similarly I propose no increases in water, sewer or refuse fees. Good service for good people.

We are a city of differences; different people, different families, and different neighborhoods, each linked by hope. However as I've said before we have more wishes than wallet and that's why we go through this budget process. We debate the needs, we discuss our priorities and we adopt a document much like a piece of music.

Each note has a length of time and pitch thereby establishing both the rhythm and harmony. Our budget serves the same purpose; the relationships are highlighted, the messages are clarified and the abilities demonstrated.

The proposed budget is a symphony of municipal activities. Might I emphasize some key phrases?

It is obvious to the most jaded resident of this region that all problems have a transportation element in the solution. Whether it is parking, or transit, or roads, the movement of people is important to our future. In addition to the institution of a Regional Transportation Master Plan I've proposed a number of changes to become proactive. The planning and Zoning Department recently added a Transportation Planner and I suggest a Transportation Engineer be hired in Engineering & Construction to directly address all of the pending transportation projects. Further I've proposed that we start and ITS (Intelligent Transportation System) and commence a replacement program for all city traffic signals next year. Now is also the time to add a new traffic software system and a digitized mapping system.

The focus of the City's major economic development thrust has been the comprehensive revitalization and redevelopment of West Street. From the funding of Westgate Circle—one of the first actions of this Council—we have diverted attention into a community which was then regarded as "marginal." In a city where 40% of all property is tax-exempt we must find growth within the commercial sector. We've listened to the residents and businesses in that corridor describe the day-to-day difficulties of living in a construction zone and thus I am proposing accelerated funding of the project of \$3.1 million to shorten the construction period by one year. We will continue to seek Smart Growth Funding for this \$12.1 million project, as well as establish several mitigation programs to lower the pain.

The public safety departments of Annapolis have always been a matter of pride and we must continue that tradition. We are proposing to develop a Mobile Data Computing system for communication with officers in the field as well as completing Police headquarters building renovations. The opportunity is also available to acquire the property adjoining the current Police headquarters to permit expansion in the future.

Expenditures in the Fire Department are in the areas of fire inspection by adding a civilian inspector and a part

## Mayor's State of the City Report

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time contractual professional Fire Engineer. Don't look too far into the future when we predict a new ladder truck will be necessary in 2003 for \$726,000.

The environmental quality of life will be significantly improved by the constitution of a new storm Drain Maintenance system in the Department of Public Works pursuant to a mandate of the Maryland Department of the Environment. (We warned the Council of this last year.) This will require 4 new positions and a new "Vactor" truck. Each storm drain catch basin in the city will be cleaned yearly. The resulting flows into Weems, College, Spa or Back Creek will be cleaner.

The Recreation and Parks Department has added almost 50% more fields this year and we've added the personnel to insure that our kids (of all ages) have "top-flight" facilities for health and recreation.

So . . . that's the long and short of what I consider to be an ambitious, yet realistic budget for the consideration and approval of this City Council. I would urge you to seriously consider my budget proposal knowing that in the end, we all want what is best for the citizens of the City of Annapolis.

Annapolis does not have unlimited financial resources but it has unlimited hope for the future. By uniting the traditions and imagination for which we are famous, we can achieve those things that are important. We can hope, and plan, and strive for cooperation and greatness, but ultimately the outcome is solely within our hands.

Either a city seizes the opportunities before it, or a city slides back.

Big dreams take big guts.

Respectfully submitted

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Dean L. Johnson, Mayor

## Changes from the FY 2002 Proposed to the FY 2002 Adopted Budget

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The Mayor's State of the City Report is presented to the City Council and the Citizens of Annapolis as an accompaniment to the Mayor's Proposed Operating Budget and Capital Improvement Program. The State of the City Report highlights the Mayor's major initiatives and goals contained in the proposed budget for the upcoming year, focusing on the proposed property tax rate, organizational changes, and major capital projects. Once the Mayor's proposed budget has been presented to the City Council, the Council may then propose amendments to the Mayor's budget; these amendments are voted on during the City Council meeting at which the budget is adopted.

The Mayor's State of the City Report on the preceding five pages includes projects and changes that the Mayor had incorporated into his proposed budget; some of these were modified, replaced, or eliminated by the City Council when the budget was adopted. One major change that the Council made was to lower the tax rate from \$.644 to \$.624.

Other changes from the proposed budget to the adopted budget are as follows:

<i>Adjustments to Revenues</i>	<i>From</i>	<i>To</i>	<i>Change</i>
<b>Proposed FY 2002 Revenues</b>			<b>\$54,727,970</b>

1 Decrease Property Tax Revenue	\$16,128,230	\$15,627,270	(\$500,960)
2 Increase Prior Year Operating	6,237,790	6,648,650	410,860
3 Increase Dock Fund Miscellaneous Revenue	0	1,000	1,000
<b>Adopted FY 2002 Revenues</b>			<b>\$54,638,870</b>

<i>Adjustments to Expenditures</i>	<i>From</i>	<i>To</i>	<i>Change</i>
<b>Proposed FY 2002 Expenditures</b>			<b>\$54,727,970</b>

1 Increase Grant to We Care and Friends	10,000	15,000	5,000
2 Increase Grant to Noah's Ark	10,000	15,000	5,000
3 Decrease Grant to Annapolis Maritime Museum	100,000	50,000	(50,000)
4 Decrease Grant to Maryland Hall	40,000	35,000	(5,000)
5 Add Grant for First Night Outreach	0	7,900	7,900

## Changes from the FY 2002 Proposed to the FY 2002 Adopted Budget

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<i>Adjustments to Expenditures</i>	<i>From</i>	<i>To</i>	<i>Change</i>
6 Increase Stanton Center Capital - Outlay for Gym Floor Cover	0	7,000	7,000
7 Decrease Contingency Account	41,000	29,000	(12,000)
8 Eliminate new Floating Secretary	25,000	0	(25,000)
9 Increase Stanton Center Salaries	105,170	120,170	15,000
10 Increase Dock Fund Capital Outlay for Washer and Dryer	0	10,000	10,000
11 Adjust Dock Depreciation and Non-operating expense			(9,000)
12 Increase Road Resurfacing	550,320	750,320	200,000
13 Decrease transfer to CIP - Defer Financial Management System	750,000	0	(750,000)
14 Decrease transfer to CIP - Eliminate Police Land Acquisition	350,000	0	(350,000)
15 Decrease transfer to CIP - Eliminate Glenwood Storm Drain	186,000	0	(186,000)
16 Decrease transfer to CIP - Reduce and defer Mobile Data Computing	102,000	0	(102,000)
17 Increase transfer to CIP - Forest Drive Sidewalks	0	848,000	848,000
18 Increase transfer to CIP - Porter Drive Outfall	0	202,000	202,000
19 Increase transfer to CIP - Germantown Field Drainage	0	50,000	50,000
20 Increase transfer to CIP - Purchase land to realign Lafayette	0	50,000	50,000
<b>Adopted FY 2002 Expenditures</b>	<b>\$54,638,870</b>		

## **Changes from the FY 2002 Proposed to the FY 2002 Adopted Budget**

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Additional notes to budget changes:

Changes to the Capital Improvement Program:

Reduce out-year allowances, as appropriate, for capital projects funded in FY 02 by the above amendments, and

- A) In the FY 03 Capital Budget, allow \$190,000 in operating funds and \$30,000 in bond funds for Police Computers (NEW in 02)
- B) In the FY 03 Capital Budget, allow \$220,000 in bond funds for Traffic Calming, Bay Ridge Ave. (NEW in 02, Finance Committee amendments)
- C) In the FY 03 Capital Budget, allow \$750,000 in bond funds for computer system, Finance (#515)

[Net proposed future bonded indebtedness is equal to that in Mayor's budget with proposed Finance Com. amendments]

Additional Amendments, Clarifying and Restrictive Language:

- A) Grants, Maritime Museum for McNasby Renovations: add "This grant is contingent on generation of new private, matching funds and restricted in use for capital expenses associated with renovations to the McNasby site."
- B) In account 110-41316-7240, Volvo Races, add "These funds are restricted in use to payment for police and fire services and clean-up associated with the Volvo Race event."
- C) In the description of Capital Project #433, add "Funds are included to 1) At the end of phase one, restore traffic signals, operating on an on-demand mode, at the following intersections: Madison and West; Jefferson/Montecello and West; and 2) Construct at an estimated \$150,000 gateways to five residential neighborhoods, as described in the Faux Plan; and 3) Design and implement in each phase of construction the urban design streetscape on West Street and West Washington Street."
- D) In account 110-42112-6120 (Police Overtime), append the attached list of events, supplied by the Police Department, and add the following language: "Use of City-funded Police Overtime for special events is restricted to the events and amounts indicated on the attached list."



## Changes from the FY 2002 Proposed to the FY 2002 Adopted Budget

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SPECIAL EVENTS FOR WHICH USE OF CITY-FUNDED OVERTIME  
IS AUTHORIZED FOR THE POLICE DEPARTMENT WITHOUT FURTHER ACTION  
BY THE CITY COUNCIL

<u>Event</u>	<u>Amount</u>
Rallies (Legislative Related)	\$4,755
Pony League Parade	609
Taste of the Nations	534
Fourth of July	14,971
Annapolis 10K Run	2,884
Elks Parade	1,109
Navy Football (6 games)	28,126
MRE Tug of War	1,001
ABATE Helmet Rally	871
Veteran's Day Parade	743
Grand Illumination	697
EYC Parade of Lights	3,897
Eastport-A-Rockin' Street Fest	2,360
Orthopaedic 5K Run	382
Annapolis High Parade	971
We Care & Friends Parade	298
March of Dimes Walk	1,139
Bay Bridge Walk	2,383
Annapolis Music Festival	875
Spring Fling	880
USNA Graduation/Blue Angels	13,669
Memorial Day Parade	1,285
 TOTAL	 \$84,439

## **Budget Overview**

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### **Total Financial Program:**

- The adopted operating budget for the General Fund and the seven enterprise funds totals \$54,638,870, an increase of 13.2% since last year. The FY 2002 Capital Budget total of \$37,167,390 represents an increase of 40.49% over the FY 2001 Capital Budget of \$26,456,190.

### **Major Initiatives:**

Certain major initiatives set the tone for the development of the budget. Some were key factors in the Mayor's Proposed Budget, and others were set forth by the Council during the budget hearing and adoption process. They are as follows:

- The focus of the City's major economic development thrust has been the comprehensive revitalization and redevelopment of West Street. Accelerated funding has been provided for Westgate Circle to shorten the construction period by one year.
- Being able to walk around the City was also made a priority this year, as evidenced by funds for providing and/or improving sidewalks along Forest Drive.
- The environmental quality of life will be significantly improved by the constitution of a new storm Drain Maintenance system in the Department of Public Works pursuant to a mandate of the Maryland Department of the Environment. This required 4 new positions and a new "Vactor" truck. Each storm drain catch basin in the city will be cleaned yearly. The resulting flows into Weems, College, Spa or Back Creek will be cleaner.
- A smoother ride around the City was once again made a priority this year, as evidence by the substantial increase in road paving funds.

### **General Fund Highlights:**

- The adopted tax rate under the new 100% assessed value system will be 4.4 cents lower. The current tax rate of \$1.67 converts to 66.8 cents under the new system. The adopted tax rate of 62.4 cents is 2 cents lower than the proposed tax rate of 64.4 which was equal to the Constant Yield Tax Rate that is calculated annually by the Department of Assessments and Taxation. The constant yield tax rate represents the rate that for the coming year would generate the same amount of revenue that was generated during the current tax year. The result of this 2 cent decrease is a decrease of \$500,960 in budgeted property tax revenue.
- The gross tax rate in the City is the sum of the City, County, and State tax rates. It is the combined tax rate levied by three government entities and it is the tax rate a City taxpayer would pay if there were no tax differential. The tax rate differential is the amount the County tax rate is reduced for City residents because City residents do not use certain County services to the same extent they are used by County residents who do not live in the City. Consequently, for a City taxpayer, it is the net total rate in the City that determines what the City resident's total tax bill will be. The largest factor in the increase of the total net rate in the City has been the decrease in the County Tax Differential credit. The rising cost of education in the County has been a major contributor to this decrease. The credit has decreased 14-cents from \$1.15 to \$1.01 since FY 1992. This credit held steady at \$1.01 for FY 1997 through FY 2001. The credit remains the same for FY 2002, but because of the new 100% assessed value system the credit value changes to .404 cents.

## Budget Overview

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The tax rates for the last eight years have been as follows:

<i>Fiscal Year</i>	<i>City Rate</i>	<i>County Rate</i>	<i>State Rate</i>	<i>Gross Total Rate In the City</i>	<i>County Tax Differential</i>	<i>Net Total Rate In The City</i>
<b>*02</b>	<b>0.624</b>	<b>0.960</b>	<b>0.084</b>	<b>1.668</b>	<b>(0.404)</b>	<b>1.264</b>
01	1.67	2.40	0.21	4.28	(1.01)	3.27
00	1.68	2.36	0.21	4.25	(1.01)	3.24
99	1.70	2.36	0.21	4.27	(1.01)	3.26
98	1.68	2.38	0.21	4.27	(1.01)	3.26
97	1.69	2.38	0.21	4.28	(1.01)	3.27
96	1.73	2.38	0.21	4.32	(1.09)	3.23
95	1.78	2.35	0.21	4.34	(1.12)	3.22

\* The tax rates for FY 2002 are under the new 100% assessed value system.

### Personnel:

- There are 515 full-time positions, an increase of 6 full-time positions over FY 2001. This increase in City staffing includes two new Recreation Maintenance Workers, a new Fire Inspector, a Civil Engineer I, a Civil Engineer II, an Equipment Operator II, two Public Works Maintenance Worker I's, the elimination of one Custodian position, and the elimination of a Clerk Typist II position.
- The FY 2002 budget includes funding for the Hendricks Salary Study that was recently completed and approved by the City Council.
- Anticipated increases in the cost of the City's medical and prescription plans results in a 8.1% increase in medical insurance costs, bringing the amount budgeted from \$3,081,550 in FY 2001 to \$3,330,000 in FY 2002.

### Roads and Sidewalks:

- An increase of \$200,000 in the Road Paving account brings the total allocation for road improvements to \$750,000.
- An increase of \$848,000 in funds was made to provide and/or improve the sidewalks along Forest Drive.
- The amount of grants given by the City increased by 9.14%, from \$543,160 in FY 2001 to \$592,790 in FY

## Budget Overview

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2002. A list of grant recipients is in the “General Government” section of the budget document.

### **Enterprise Fund Highlights:**

- The Water and Sewer funds are Enterprise Funds which are financed and operated in a manner similar to private business enterprise where costs and expenses are recovered through user charges. These funds are not supported by tax revenues. They are required by the City Code to be self-supporting.
- The increase in the water and sewer rates passed by the City Council in March 2000 is included in the service revenue estimates for FY 2002.

#### Water Rates

Minimum Charge (0-5,000 gallons)	\$12.60
5,001-35,000 gallons	1.95/thous gal
over 35,000 gallons	2.28/thous gal

#### Sewer Rates

Minimum Charge (0-5,000 gallons)	\$18.19
5,001-35,000 gallons	2.82/thous gal
over 35,000 gallons	3.29/thous gal

These increases will allow the City to move forward with the important capital projects included in the Capital Improvements Program.

- The City’s share of the cost of operations at the sewer plant has been increased from \$2,110,000 to \$2,151,300.
- The annual refuse collection fee will remain unchanged for FY 2002 at \$267 per year.

### **Capital Improvement Program Highlights:**

- The FY 2002 - FY 2007 Adopted Capital Improvement Program (CIP) recommends a six-year \$103,879,700 program of public improvement, which represents an increase of \$32,265,250 over the FY 2001 - FY 2006 program. Of the total program \$37,849,020 is currently appropriated for projects in the General Fund.
- Funding is included for a new Park Place Garage (\$25,000,000); \$4,630,000 for a new Recreation Center at Truxton Park; and \$12,161,360 to continue West Street Revitalization.
- \$500,000 is budgeted for the Vehicle Replacement Program (VRP). This program is located in the Capital Improvement Program (CIP #554) and is funded by General Fund operating funds.

## **Budget Overview**

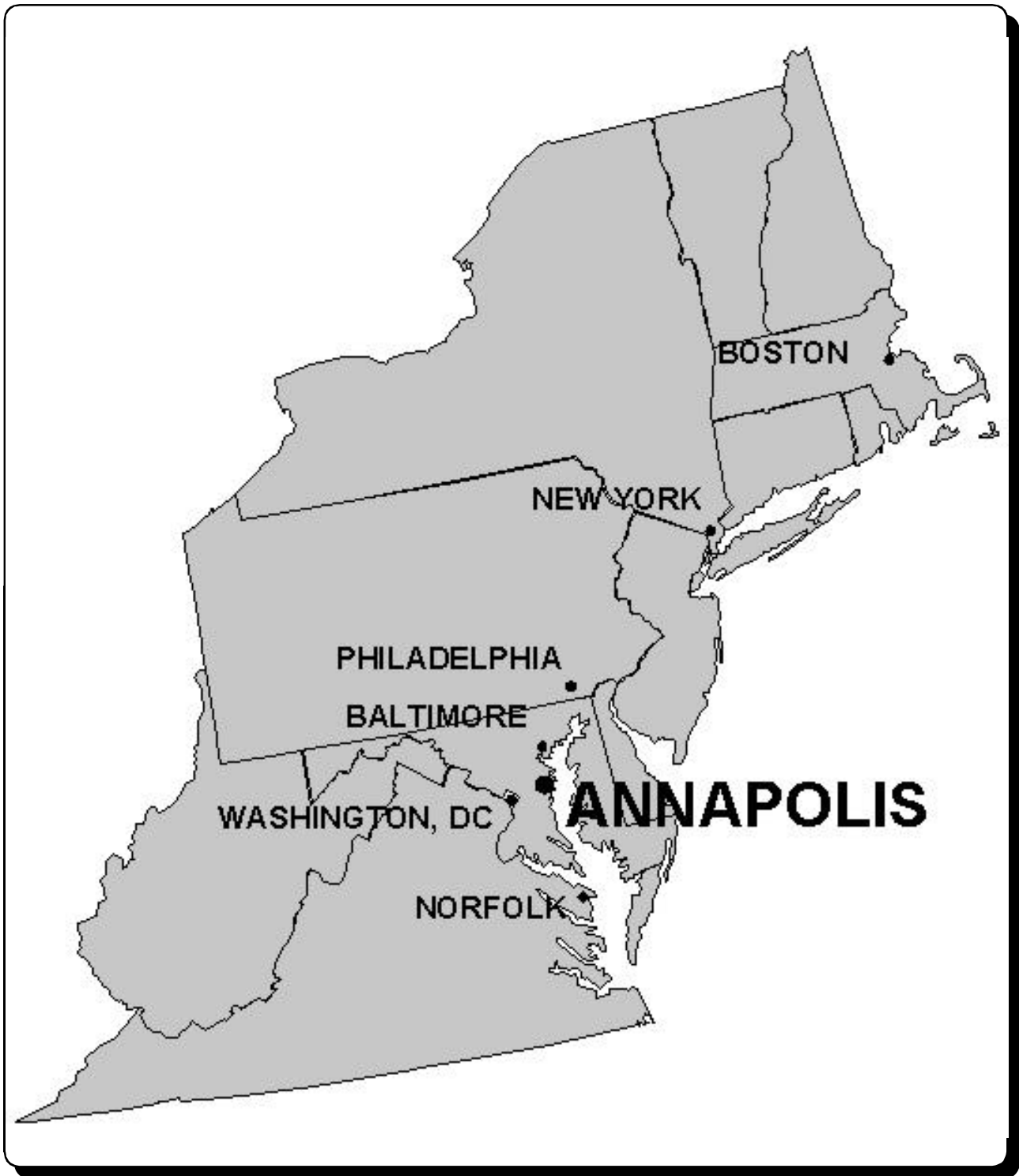
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- \$100,000 is budgeted for the Information Technology Program (ITP). This program is located in the Capital Improvement Program and is also funded by General Fund operating funds.
- Water and Wastewater CIP projects amount to \$6,211,500 and \$23,601,180 respectively for a total of \$29,812,680. This represents 28.7% of the CIP.

## Regional Map

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## Community Profile

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Annapolis is an incorporated municipal corporation of the State of Maryland (the "State"), possessing substantial home rule powers under the State constitution. First settled in 1649 by Puritans fleeing Virginia, the City was chartered in 1708 and served as the capital of the United States when the Congress met there in 1783-84. The City serves both as the capital of the State and as the county seat for Anne Arundel County; and acquired home rule in 1954. Annapolis is situated on the Western shore of the Chesapeake Bay, at the mouth of the Severn River, east of and midway between Baltimore and Washington, D.C. The City has been the home of St. John's College (founded as King William's School) since 1696 and the United States Naval Academy since 1845.

The City covers an area of seven and one-half square miles. Population in 1950 was 10,047, but growth as well as annexation caused that figure to double by 1960 and more than triple by 1980. According to the 1990 Census, the population is 33,187, exclusive of the Naval Academy population of approximately 5,500. The Naval Academy constitutes a Federal enclave within the City, but is not within the corporate limits of Annapolis.

The appearance of the City is dominated by the handsome buildings of the Naval Academy and the historic State House of Maryland. In addition, there are a number of contemporary State and County office buildings which have been designed in keeping with the prevailing Georgian architecture of the community. Because of the number of residential structures of significant historic and architectural value for which Annapolis is famous, private and public groups have joined together to retain or to recapture the historic atmosphere of the community in keeping with modern urban requirements. An application to the Department of Interior to enlarge the then existing Historic District as designated on the National Register of Historic Places was approved in 1984. The Annapolis Comprehensive Plan was adopted by City Council in May, 1998.

Annapolis is served by three major highways, U.S. Routes 50/301, Maryland Route 2 and Interstate 97, which connect with the Chesapeake Bay Bridge, immediately northeast of the City. The District of Columbia is 27 miles to the west and the City of Baltimore is 27 miles to the north.

The City is governed by a Mayor and a City Council. The City is authorized to issue debt, subject to certain indebtedness limitations, for the purpose of financing its capital projects and to incur certain other indebtedness.

The executive offices of the City are located at the Municipal Building, 160 Duke of Gloucester Street, Annapolis, Maryland 21401.

The legislative body of the City is the City Council, consisting of the Mayor as the presiding officer and eight Aldermen who together comprise the City Council. One Alderman is elected from each of the eight wards into which the City is divided and must be a resident of the ward. The Mayor is elected at large. The Aldermen and the Mayor serve a four-year term, commencing in December of the year following the presidential election. The City Council has six standing legislative committees: Economic Matters, Finance, Public Safety, Rules and Government, Environmental Matters, and Housing and Human Welfare. The Mayor and Aldermen have one vote each. A simple majority is sufficient to pass legislation.

## **Community Profile**

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The City has independent jurisdiction over streets, street lighting, refuse collection and disposal, police, parks, harbor, off-street parking, public transportation, fire suppression and emergency services, planning and zoning, public health, water production and distribution, and sewage collection. Primary and secondary education is provided by the Board of Education of Anne Arundel County.



## Demographic and Statistical Profile

<b>Community Profile:</b>		10 - 14 years	5.6
Date of Incorporation	1708	<u>Age Composition (% in 2000), continued</u>	
Form of government	Mayor and Council	15 - 19 years	5.9
<b>Demographics:</b>		20 - 24 years	6.9
<u>Area in square miles</u>		25 - 34 years	17.7
2000	7.50	35 - 44 years	15.7
1999	7.50	45 - 54 years	14.3
1998	7.33	55 - 59 years	5.3
<u>Climate</u>		60 - 64 years	4.0
Average summer temperature ( $\pm 5^{\circ}$ )	71.9	65 - 74 years	6.3
Average winter temperature ( $\pm 5^{\circ}$ )	46.2	75 - 84 years	4.4
Average annual precipitation (inches)	40.8	85 + years	1.3
Average annual snowfall (inches)	20.5	<u>Household Income and Expenditures</u>	
<u>Population</u>		Average Household Income	\$35,516
2000 per U.S. Census	35,838	Per Capita	\$23,461
1999	35,000	% below Poverty Level	12%
1998	35,000	Median Housing Value	
1997	35,000	(owner-occupied)	\$137,400
1996	34,400	Median Mortgage Payment	\$734
1995	34,400	Median Gross Rent	
1994	33,500	(renter-occupied)	\$602
1993	33,500	<u>Households and Housing Units</u>	
1992	33,300	Households	15,303
1991	33,300	Housing Units	16,165
1990 per U.S. Census	33,178	Tenure	
1989	33,700	Renter	7,398
1988	33,430	Vacancy Rate	3.8%
1987	33,293	Owner	7,905
1986	33,153	Vacancy Rate	1.4%
<u>Median Age</u>		<b>Economics:</b>	
2000	35.7	<u>Employment by Industry (%)</u>	
<u>Age Composition (% in 2000)</u>		Construction / Landscape	5
Under 5 years	6.7	Utilities	2
5 - 9 years	6.0	Trade	17
		Fire, Insurance, and Real Estate	5
		Services	21
		Government	50

## Demographic and Statistical Profile

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### Taxes

Local Retail Sales Tax Rate	5%
Personal Income Tax Rate	5%
Corporate Excise and Income Tax	7%
Franchise Taxes:	
Financial Institutions - based on % of MD modified taxable income	7%
Public Utilities - based on % of gross receipts apportioned to MD	2%
Unemployment Compensation Tax - base rate	7.1%

### 2000 Property Tax Assessed Valuation

Primary	\$2,331,569,788
Secondary	\$123,314,226

### Building Permits

#### *Commercial*

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2000	312	\$30,391,663
1999	271	\$13,810,889
1998	253	\$13,961,720
1997	260	\$12,432,670
1996	220	\$9,265,897
1995	279	\$15,904,944
1994	209	\$22,573,571
1993	214	\$13,246,251
1992	201	\$17,254,084
1991	211	\$12,056,743

#### *Residential*

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2000	784	\$23,582,607
1999	734	\$18,726,165
1998	699	\$17,660,208
1997	738	\$18,868,634

### *Residential, continued*

1996	697	\$19,624,695
1995	601	\$15,145,607
1994	430	\$5,630,296
1993	510	\$10,195,977
1992	407	\$7,847,265
1991	413	\$8,578,405

### **Service Statistics:**

#### Fire Protection (2000)

Stations	3
Career firefighters	94
Civilian personnel	4
Volunteer firefighters	60

#### Police Protection (2000)

Stations	1
Uniformed police officers	124
Civilian personnel	42
Police vehicles	91

#### Public Works (2000)

##### *Water*

Water mains in miles	128
Water treatment plants	1
Storage tanks	4
Water consumption (annually)	1,500 MG
Number of accounts	11,761

##### *Sewer*

Sewer lines and storm drains in miles	140
Sewer treatment plant (50% owned)	1
Sewer pumping stations	23
Sewage treated (annually)	1,900 MG
Number of accounts	10,776

## Demographic and Statistical Profile

- continued -

### Utility Rates

Gas (cents/therm)	
General service	
1st 10,000 therms	15.51
additional therms	7.65
Residential	17.86
Electric (cents/kwh)	
Summer	
General service	8.036
Residential	8.398
Non-Summer	
General service	5.449
Residential	
up to 500 kwh	7.311
over to 500 kwh	5.358

### Recreation - City owned

Playgrounds and parks in acres	120
Baseball fields	5
Football fields	4
Basketball courts	11
Tennis courts	16
Playgrounds	20
Pools	1
Public Boat Ramps	12

### Education - County provided

Elementary and secondary schools	9
Elementary school enrollment	2,305
Middle school enrollment	1,075
High school enrollment	1,250
Colleges:	
U.S. Naval Academy enrollment	4,000
St. John's College enrollment	500

### Education - County provided, continued

Anne Arundel Community College enrollment	15,000
Graduates continuing education	83%
Classes at or below desired student/teacher ratio	85%

### Health Care Facilities

Anne Arundel Medical Center	
Beds	303
Physicians	340
Birthing Center	
Magnetic Resonance Imaging Center	
Oncology Center	
Outpatient Surgery Center	
Community Health Education Center	
Outpatient Radiology Center	

### Major Events

Maryland State Legislature	
in Session	January - April
Waterfront Festival	April - May
U.S. Naval Academy Commissioning	May
Independence Day Fireworks	July
Wine Festival	July
Maryland Seafood Festival	September
Anne Arundel County Fair	September
Maryland Renaissance Festival	September - October
U.S. Sailboat Show	October
U.S. Powerboat Show	October
Chesapeake Appreciation Days	October
Christmas Lights Parade	December
First Night Annapolis	December

## **The Budget Process Schedule**

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### **November**

- Finance prepares Preliminary Revenue Estimates
- Finance prepares Operating and Capital Budget Instructions

### **December**

- Finance distributes Operating Budget, Capital Budget, and Enhancement Instructions

### **January**

- Departments submit Enhancement Requests
- Departments submit Operating and Capital Budget Requests

### **February**

- Department Operating Budget and Enhancement Requests reviewed by Mayor

### **March**

- Finance prepares Operating and Capital Budgets

### **April**

- Administration informs Departments of Enhancement decisions
- Mayor's Proposed Operating Budget submitted to Council and Finance Committee
- Budget Legislation to Council for First Reader
- Finance Committee holds Public Hearings on the Mayor's Proposed Operating and Capital Budgets with Department Directors
- Council Public Hearing held on Proposed Operating Budget

### **May**

- Finance Committee recommendations on the Mayor's Proposed Operating Budget to the Council
- Council adopts the FY 2002 Operating Budget
- City Council adopts the FY 2002 - 2007 Capital Improvements Program

### **July**

- Fiscal Year 2002 begins on July 1, 2001

## The Budget Development Process

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- continued -

### **Budget Adoption:**

The City Charter requires that the Mayor submit a proposed budget (for all funds except the Internal Service Fund, the Pension Trust Fund and the Special Revenue Fund) to the City Council no later than the second Monday in April of each year for the fiscal year commencing the following July 1st. The Finance Committee makes recommendations on the budget to the full City Council. The City Council conducts public hearings on the budget. No later than June 30th, the budget is legally enacted through passage of a budget ordinance which establishes spending authority by fund for the operations of the City. The level on which expenditures may not legally exceed appropriations is the fund level and budget revisions at the fund level require City Council approval.

### **Budget Revisions:**

**Approval for Changes:** Because it is the City Council that establishes the original operating and capital budgets, it is the City Council that must approve changes to it. Members of the Council are appointed to the Finance Committee to do the business of hearing requests for budget changes, evaluating them, and making recommendations to the Council with regard to them.

**Procedure for Changes:** Because there needs to be a document setting forth each request for a change to the budget, the Finance Office has devised what it calls a budget revision form. This form specifies which line-item budgets are being changed and by how much - and it provides an explanation of, and a justification for the transaction or circumstances that have necessitated the budget change(s). It also provides for the signature of the department director making the request, the signature of the Finance Director affirming the sufficiency of funds supporting the change, and the signature of the

Mayor and his recommendation to the Finance Committee relative to the action it should take with the request.

### **Budget Basis:**

The budgets of general government type funds are prepared on a modified accrual basis. Under this basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for debt service which is recognized when due.

The Comprehensive Annual Financial Report (CAFR) is prepared on the basis of Generally Accepted Accounting Principles (GAAP). In most cases this conforms with the way the budget is prepared, with the following exceptions. In the General Fund, the budget basis differs from GAAP in that the budget basis reflects encumbrances as the equivalent of expenditures. GAAP reflects encumbrances only as reservations of fund balance. Also, under the budget basis, interfund transfers are considered the equivalent of revenues and expenditures of the affected funds. In addition, new capital leases are recorded as expenditures and other financing sources only on a GAAP basis. The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.

The enterprise funds (Water, Sewer, Off Street Parking, Dock, Market, Transportation, and Refuse) are budgeted on a full accrual basis. This means that revenues are recognized when they are earned, i.e. water use fees are recognized as revenue when bills are produced, and expenditures are recognized when the liability is incurred.

## The Budget Development Process

- continued -

### *Fiscal Year 2002 Budget Calendar*

<i>Date</i>	<i>Responsibility</i>	<i>Action</i>
12/4/00	Finance	Distribute Operating Budget instructions
12/11/00	Department Directors	CIP Preliminary Project Set-Up Sheets due to Finance
12/29/00	Department Directors	Enhancement Requests due to Finance
1/12/01	Department Directors	Operating Budget submissions due to Finance
1/22/01 - 1/24/01	Department Directors/Mayor/Finance	Operating Budget submissions and Enhancement requests reviewed by Mayor
1/30/01	Department Directors/Mayor/Finance/Central Services	CIP Project Set-Up Sheets reviewed by Mayor, Finance and Central Services
4/9/01	Mayor/Finance	Mayor's Proposed Operating Budget submitted to City Council per City Code. Budget legislation to Council for First Reader
4/16/01 - 4/19/01	Finance Committee/Department Directors/Finance	Finance Committee public hearings on Mayor's Proposed Budget
4/30/01	City Council	Public Hearing on Proposed Operating Budget
5/14/01	Finance Committee/Finance	Finance Committee's Recommended Budget Changes submitted to City Council.
6/11/01	City Council	Adopt FY 2002 Operating Budget and FY 2002- 2007 Capital Improvements Program
7/1/01	Finance	Adopted FY 2002 Operating Budget and Capital Budget goes into effect

# City of Annapolis Organizational Chart

## By Function Within Department

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